

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 DHA-02 COME-00 EB-07 TRSE-00 /069 W
-----116634 290138Z /64
R 282035Z JUN 77
FM AMEMBASSY BUENOS AIRES
TO SECSTATE WASHDC 1129

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E.O. 11652: N/A
TAGS: PINS, PINT, SHUM, PFOR, AR
SUBJECT: GOA INTERVENES ALUAR

1. THE PRESS ON JUNE 28 CARRIED TEXT OF LAW 21532 OF JUNE 14 PROVIDING FOR THE INTERVENTION OF ALUAR, THE CONTROVERSIAL ALUMINUM COMPANY RESPONSIBLE MOST RECENTLY FOR THE TEMPORARY ARREST OF FORMER JUNTA MEMBERS PRESIDENT ALEJANDRO LANUSSE, AIR FORCE CINC CARLOS REY, AND NAVY CINC PEDRO GNAVI. THE MINISTRY OF DEFENSE COMMUNIQUE ANNOUNCING THE MEASURE STATES THAT THE INTERVENER WILL BE APPOINTED BY THE AIR FORCE, THE SERVICE WHICH HAS TRADITIONALLY LAID CLAIM TO THE DEVELOPMENT AND PRODUCTION OF LIGHT METALS IN ARGENTINA. WIRE SERVICES INDICATE THAT ING. CARLOS ALBERTO BENAVIDES, A RETIRED AIR FORCE GENERAL WHO IS CURRENTLY PRESIDENT OF FORJA ARGENTINA, WILL BE GIVEN THE JOB. THE COMMUNIQUE STATES THAT THE MEASURE IS DESIGNED TO AVOID POSSIBLE DISRUPTIONS IN THE SUPPLY OF ALUMINUM AND TO ENSURE FULFILLMENT OF ALUAR'S INTERNATIONAL FINANCIAL COMMITMENTS.

2. THE LAW GIVES THE INTERVENER THE FOLLOWING POWERS:

A) THE RIGHT TO VETO ALL MEASURES PROPOSED BY THE FIRM'S BOARD, AS WELL AS BY THE SHAREHOLDERS, WHICH MIGHT AFFECT THE OBJECTIVES OF THE ALUMINUM PROGRAM
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OUTLINED IN DECREES 3729/69 AND 777/69 (PROGRAM IS RATHER GENERAL IN NATURE). THE RIGHT TO VETO MUST BE EXERCISED WITHIN FIVE DAYS AFTER ANY MEASURE PROPOSED BY THE FIRM'S EXECUTIVES IS PRESENTED TO THE INTERVENER.

B) TO PROPOSE TO THE MINISTRY OF DEFENSE (THE AIR

FORCE COMMAND) MEASURES TO CORRECT DEVIATIONS FROM THE ALUMINUM PROGRAM, AS WELL AS ANY ADMINISTRATIVE OR LEGAL ACTION TO ENSURE FULFILLMENT OF THE PROGRAM'S OBJECTIVES.

3. THE LAW PERMITS THE FIRM'S EXECUTIVES TO APPEAL THE INTERVENER'S VETO TO THE MINISTRY OF DEFENSE. THE APPEAL MUST BE MADE WITHIN FIVE DAYS OF THE VETO.

4. ACCORDING TO AP CORRESPONDENT WHO FILED STORY ON INTERVENTION, GOA SOURCE SAID THE MAIN REASON FOR THE INTERVENTION WAS A DESIRE BY THE GOA TO PROTECT ALUAR FROM RETALIATION BY FORMER MINISTER OF ECONOMY GELBARD. ACCORDING TO SOURCE, GELBARD IS THE MAJORITY SHAREHOLDER IN FATE, A LOCAL TIRE COMPANY, AND FATE, IN TURN, IS THE MAJORITY SHAREHOLDER IN ALUAR. GELBARD, THEREFORE, HAS THE CONTROLLING INTEREST IN ALUAR AND COULD DECIDE TO DISRUPT ITS OPERATIONS. THE SOURCE ALSO SAID THAT THE INTERVENTION WOULD PERMIT A CLOSER INVESTIGATION OF GELBARD'S CORRUPTION AND THE ALUAR SCANDAL.

5. COMMENT: WHILE THE OSTENSIBLE PURPOSE OF THE INTERVENTION IS ECONOMIC, IT WOULD APPEAR THAT THE REAL REASONS ARE POLITICAL AND DIRECTED AGAINST GELBARD. EMBASSY RECORDS SHOW THAT THE MADANES FAMILY CONTROLS THE MAJORITY SHARES OF BOTH FATE AND PECERRE, THE LIMITED OFFICIAL USE

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MAJORITY SHAREHOLDERS IN ALUAR. WHILE THERE IS NO PROOF, MANY PEOPLE BELIEVE THAT MADANES IS MERELY A FRONT FOR GELBARD. THUS THE GOA SUSPICION OF CONTROL BY GELBARD COULD WELL BE ACCURATE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, LAW, ALUMINUM, ORGANIZATION & MANAGEMENT, BUSINESS FIRMS
Control Number: n/a
Copy: SINGLE
Sent Date: 28-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BUENOS04795
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770231-0475
Format: TEL
From: BUENOS AIRES
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770611/aaaaajtz.tel
Line Count: 99
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 501c9e73-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 07-Apr-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2012433
Secure: OPEN
Status: NATIVE
Subject: GOA INTERVENES ALUAR
TAGS: PINS, PINT, SHUM, PFOR, AR, ALUAR
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/501c9e73-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009